

Implementing the Performance Metrics for Central Laboratories: Service Provider Perspective

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Think service. Deliver excellence.

Metrics History and Current State

● History

- Customer Advisory Board created in 2004 by Covance Central Laboratory Services with sponsor companies to focus on the establishment of standard industry-wide metrics.
 - Rational for establishing this advisory board was around individual sponsors requesting “their” own set of metrics which created organizational inefficiencies for Covance CLS
 - Reducing the time and cost involved to sponsor in providing customized metrics requests
- Standard metrics should have added value to sponsors and service providers:
 - Support sponsors in comparing performance across laboratory service providers based on an agreed upon set of metrics
- Covance continued to sponsor this initiative through 1Q06

● Current State

- Covance is now a sponsoring member of the Metrics Consortium
- Covance is reporting metrics on a quarterly basis to Sponsors upon request and utilizing this data to improve and enhance our internal processes

Standardized Metrics – Hurdles to Overcome



Metric Unavailable

- Either due to process or lack of available data, the information to compile the metric is not currently available

Current Solution

- Provide a similar metric until the requested is available

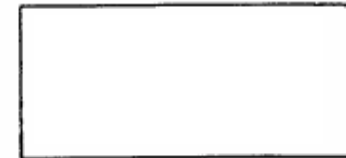
Next Steps:

- Conduct a gap analysis to determine what is needed to provide metric
- Provide to Sponsors and to the Metrics Consortium our anticipated timeline for metric delivery

Standardized Metrics – Hurdles to Overcome



Grant Budget Variance Detail



Attention: Customer

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As Of Date: 1/31/2006

Indianapolis

Protocol: ABC-123
 Study Duration 84.0 month(s)
 Complexity COMPLEX

Total Investigators: 150
 Total Countries: 7
 Total Patients 6,007
 1st Kit Received: 6/30/2004

Data Services	Price/Unit	Estimated Budget (USD)		Invoiced (USD) To-Date		Variance	
		Quantity	Extended Fee	Quantity	Amount	Amount	% Billed
Add Test Processing	40.00	0	0.00	8	320.00	-320.00	100.00
Data Transfer	3.00	38,625	115,875.00	23,862	71,586.00	44,289.00	61.78
Project Database Modification	1,000.00	5	5,000.00	6	6,000.00	-1,000.00	120.00
Data Entry: Manual	12.80	236	3,020.80	1	12.80	3,008.00	0.42
Data Entry: Electronic (RLI)	8.00	2,800	22,400.00	0	0.00	22,400.00	0.00
RLI/New Protocol	4,500.00	1	4,500.00	1	4,500.00	0.00	100.00
Report Reprints	0.76	0	0.00	32	24.32	-24.32	100.00
			150,795.80		82,443.12	68,352.68	

Standardized Metrics – Hurdles to Overcome



Manual Process

- The metric is available but requires significant time / resources to compile due to a manual process

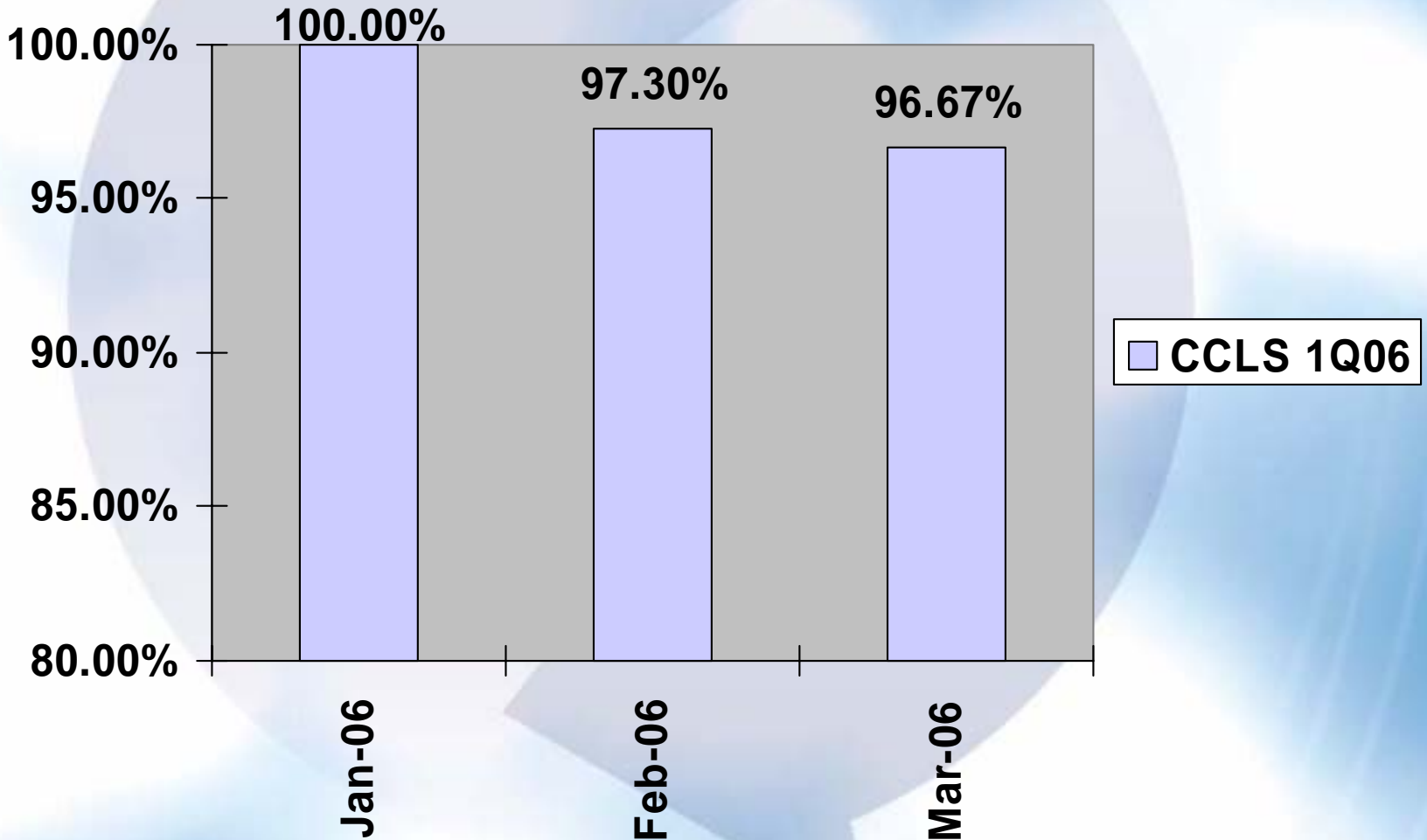
Current Solution

- Provide metric using manual process

Next Steps:

- Conduct a cost analysis to determine automation feasibility
- Provide to Sponsors and to the Metrics Consortium our anticipated timeline for metric delivery

First Supplies Shipped on Time



Key Personnel Turnover

● January 2006

- Workload Balance
 - 2PMs / 2 Sponsor/ 6 protocols
- Summary
 - Project Manager voluntary turnover rate: 0%

● February 2006

- Resignation
 - 1PM / 3 sponsors / 5 protocols
- Workload Balance
 - 1PM / 1 Sponsor / 2 protocols
- Summary
 - Project Manager voluntary turnover rate: 1%
 - 0.73% protocols impacted
 - 2.3% sponsors impacted

Standardized Metrics – Hurdles to Overcome



•Poor Result

- The metric is available but lower than expected or desired

•Current Solution

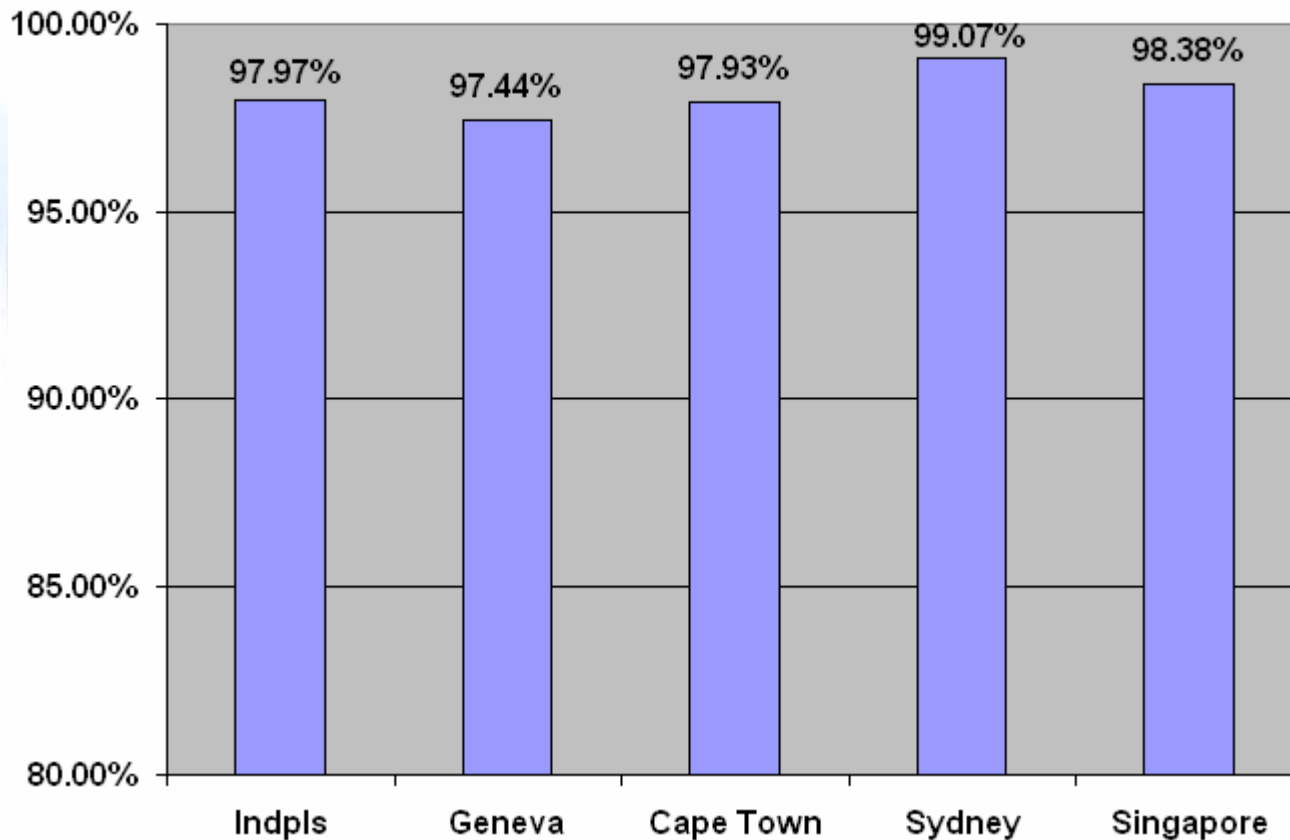
- Provide metric

•Next Steps:

- Conduct a process analysis to determine issue behind the metric
- Develop Six Sigma project to improve the process being measured
- Provide to Sponsors and to the Metrics Consortium our anticipated timeline for metric delivery

Global Laboratory Metric: % Yield on Tests

January through December 2005



Covance has an average laboratory test yield rate of 97.8% across all sites

Standardized Metrics – Benefits

- **Sponsor**

- Measure and awareness of service provider performance
- Measure and awareness of their “own” internal performance
- Drive timely, informed and effective decision making
- Reducing cost for the client by eliminating customized metrics

- **Covance**

- Awareness and formal tracking of our own internal performance around our business processes and service delivery to clients
- Key tool to drive process improvement and operational excellence
- Reduce inefficiency by eliminating customized metrics